

Thomas L. Welch
Chairman



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William M. Nugent
Commissioner

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PUBLIC UTILITIES COMMISSION

September 26, 1995

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FCC MAIL ROOM

Office of the Secretary
Federal Communications Commission
Washington, D.C. 20554

Re: Notice of Proposed Rulemaking, Amendment of the
Commission's Rules and Policies to Increase
Subscribership and Usage of the Public Switched
Network, CC Docket 95-115

Dear Mr. Secretary:

The Maine Public Utilities Commission welcomes the opportunity to submit the following comments on the Federal Communications Commission's Notice of Proposed Rulemaking to increase subscribership and usage of the public switched network.

By way of background, Maine has participated in and supported the FCC's universal service programs for more than a decade. The Maine Commission first mandated a version of its own Lifeline program to assist low income customers to connect to the network in 1985, before the formal initiation of the federal Link-Up program. Maine has participated in the FCC Link-Up program since 1988 and has a participation rate of more than 60% of eligible customers, a rate that we believe is one of the highest in the country.

These programs have not addressed many of the issues raised in the Notice of Proposed Rulemaking regarding reasons customers do not have local telephone services. The inability to continue to afford local telephone service is often linked more closely with high toll bills and expensive optional calling services. These high monthly bills have made it difficult for many low income customers to make regular payments necessary to retain telephone service.

Several years ago we approved programs suggested by several individual telephone companies to allow the company to offer alternatives to disconnection of local service. These programs vary in some details, but most require the company to offer, as

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an option to complete disconnection, a no-charge toll block service accompanied by a more liberal monthly payment schedule after the customer has broken two or more payment arrangements. One company, Saco River Telephone and Telegraph Company, has a more elaborate version of this program that results in the gradual disconnection of interstate, intrastate, local outgoing calls and then local incoming calls as a response to failure to maintain reasonable payment arrangement terms. This program has had the most success in preventing disconnection. Saco River Telephone Co. has the lowest disconnection rate of any telephone company in Maine, a recent 3-year average of 28 disconnections per 1,000 residential customers compared with the statewide average of 60 disconnections. A copy of Saco River's program is attached to our comments.

While many states and telephone companies are actively experimenting with programs to increase connection to the network and retention of local basic service, the more significant issue for the FCC is how to stimulate and encourage these programs in light of the federal-state jurisdictional scheme. Many of the programs described in the NOPR are worthy of further analysis and experimentation. However, the FCC may lack the jurisdiction to mandate or regulate practices that are inconsistent with the state jurisdiction over local service and the local disconnection process. Therefore, we suggest that the FCC explore ways to further collaborate with the states to explore and promote a variety of programs designed to promote universal service, such as:

- call control services;
- reducing high penetration rates for optional services;
- voluntary and involuntary toll blocking;
- assistance with or waivers of deposits and other connection charges;
- variations on the current Lifeline and Link-up programs;
- unaffordable line extension charges for previously unserved areas;
- allowances for short-haul toll charges; and
- services targeted to low income households that are highly mobile.

There is one area in which we believe that the FCC has jurisdiction and which would vastly improve the state's ability to pursue a variety of universal service policies and programs. Specifically, we suggest that the FCC require every local exchange carrier (subject, perhaps, to a waiver provision for smaller companies based on a showing of disproportion expense) to have the ability to separate all interstate charges (toll and other charges related to services provided by interstate interexchange carriers) within their billing systems and track and record partial customer payments separately for interstate and intrastate services. This requirement (also referred to as "multiple balance billing") would then allow states to decide how that functionality should be used in their jurisdiction, e.g., whether disconnection of local service should be allowed for failure to pay interstate toll services, what monthly bill and disconnection notices should contain to inform and educate customers about their rights to retain local services, and how toll restriction services might be linked to universal service policies. The vital prerequisite to the adoption of many of these policies is the ability of the local exchange carrier which is doing the billing and issuing the disconnection notices to separately track charges and payments for these services in the customer accounting software. A multiple balance billing scheme would also be necessary if the FCC were to adopt a rule disallowing local disconnection for failure to pay an interstate amount.

For example, while many states have stated that customers cannot be disconnected for failure to pay interstate toll charges, those same states allow the telephone company to issue a disconnection notice with the entire unpaid balance--local, intrastate and interstate toll--stated in an undifferentiated single balance. The Pennsylvania program, because it requires the telephone company to track charges and customer payments separately according to multiple balances, is singular in its requirement that a disconnection notice with an amount overdue that excludes interstate toll charges must be issued prior to disconnection of local service. A telephone company that cannot or does not separate its single balance bill and disconnection notice into intrastate and interstate baskets will continue to seek collection and demand payment of the entire unpaid balance to avoid disconnection of local service.

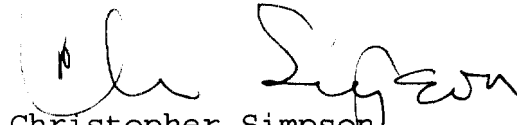
The multiple balance billing requirement is consistent with the FCC's prohibition of disconnection of local basic service for failure to pay 1-900 charges. In addition to this prohibition, Maine law, 35-A M.R.S.A. §802, requires that a disconnection notice for local basic service must be based on an overdue

balance that excludes 1-900 charges. This requirement has resulted in the separate tracking of 1-900 charges in the billing software and the identification and deletion of those charges in the amount overdue stated on a disconnection notice. In other states without this additional requirement, unpaid 1-900 charges continue to appear on the customer's overdue amount stated on a disconnection notice, with the result that most customers understandably conclude that these charges must be paid to avoid disconnection. Indeed, the wording of most disconnection notices states clearly that the customer must pay or make a payment arrangement on the overdue amount stated on the notice to prevent disconnection of service. Telephone companies continue to negotiate payment arrangements for these unpaid amounts, and customers who fail to call to negotiate an arrangement or fail to pay the full amount, are in fact disconnected for failure to pay 1-900 charges. Most telephone companies believe they are in compliance with the FCC rule by instructing their customer service representatives to manually calculate the total 1-900 charges prior to the issuance of a service order to accomplish disconnection, preventing disconnection only in those situations in which the unpaid 1-900 charges alone triggered the disconnection notice and subsequent disconnection. If the FCC mandated that telephone companies who bill for interstate interexchange services do so only with the ability to separately track and disclose these balances, the prohibition of disconnection for failure to pay 1-900 charges would not be the hollow right that it is today in many states.

The FCC clearly has jurisdiction with respect to the billing and collection of interstate services and can reasonably present the multiple balance billing functionality as a logical nexus to its universal service mandate in federal law. Furthermore, the national requirement will significantly reduce the cost of implementation of this functionality because the per customer cost of any required software development on a national level should be quite small. While telephone companies have argued to states that the cost of multiple balance billing is very high, this is due in part to the multi-state nature of large regional holding companies that make changes mandated by one state more difficult to implement in a cost effective manner. A national approach, however, should respond to these concerns.

Thank you for the opportunity to present our preliminary views. We look forward to continued participation in this proceeding.

Sincerely,


Christopher Simpson
Administrative Director

BA/cs

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Wayne Jortner, Office of the Public Advocate

.4 Alternative Credit and Collection Program

.4.1 General

The Alternative Credit and Collection Program allows customers who are unable to pay telephone bills to retain service for an extended period with toll restriction only, and provides for certain exemptions to Chapter 81 of Maine PUC rules for the company.

.4.2 Overview of Program

.2.1 Step One - Reminder Notice - 30 Days

Customers who have overdue amounts of \$50.00 or more which remain unpaid for a period of thirty days (30) from the date of the mailing of the bill will be sent a computer generated reminder notice on the face sheet of the next month's bill.

.2.2 Step Two - 45 Day Notice

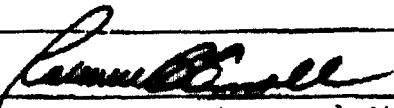
Customers who have overdue amounts \$50.00 or more which remain unpaid for a period of forty-five (45) days from the date of the mailing of the bill, and who have not made satisfactory payment arrangements will be sent a notice. This notice will indicate that out going toll service, including credit services, will be restricted unless payment or payment arrangement is made within 7 calendar days. The company will also attempt to contact the customer by telephone prior to the implementation of restrictions, and will seek to learn if a medical emergency exists in the household.

.2.3 Step Three - Restriction - 53 Days

Customers who have neither made payments nor satisfactory payment arrangements will be toll-restricted, barring a medical emergency.

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Docket: 91-302


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GENERAL REGULATIONS
Payment for Service (Cont'd)

.4 Alternative Credit and Collection Program (Cont'd)

.2.4 Step Four - Disconnection Notice - 90 Days

If after steps one through three the customer has not made arrangements to pay overdue amounts of \$50.00 or more which are outstanding for a period of 90 days, the company will issue a three (3) day disconnection notice. The company will attempt to contact the customer by phone prior to the implementation of the disconnection order.

.2.5 Step Five - Disconnection - 94 Days

If after steps one through four the customer has not made arrangements to pay overdue amounts of \$50.00 or more which are outstanding for a period of 90 days, service to the customer will be Temporarily Disconnected for Non-Payment. A reconnection charge, as described in section 325.5.1, will apply for the reconnection of service. If disconnection does occur, a post-disconnection notice will be sent.

If the customer does not request service to be reconnected within thirty (30) days of the Temporary Disconnection for Non-Payment, a complete removal order will be worked. If the customer then requests service to be restored, a re-installation order will be written and charges as listed in section 325 will apply.

.4.3 Exemptions

While participating in the Alternative Credit and Collection Program the Company remains subject to Chapter 81 of the Rules of the Maine Public Utilities Commission with the following exceptions:

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GENERAL REGULATIONS
Payment for Service (Cont'd)

.4 Alternative Credit and Collection Program (Cont'd)

.4.3 Exemptions (cont'd)

Section 3 (except subsections D when the customer
disputes the bill; F(2); and I)
Section 4 (except subsections H and I)
Section 5
Section 6 (B)(2), last sentence, and (B)(4)
Section 9
Section 10
Section 12

Disclosures in disconnection notices will be as approved
in the Commission Order of May 2, 1989 in Docket 88-233.


.4.4 Customer Rights

The customer will retain rights to a payment arrangement
and to appeal disputes to the Commissions Consumer
Assistance Division and will also have the opportunity to
make satisfactory payment arrangements with the Company
to avoid the implementation of restrictive measures or
disconnection of service.

The Company will offer the right to a medical emergency
in every disconnection notice. If a customer requests an
extension of the original medical emergency, as detailed
in Section 11 (D) of Chapter 810 of the Maine Public
Utilities Commission's Rules and Regulations, outgoing
toll restriction, including credit services, will be
included as a provision of the renewed medical
certification.

.5 Telephone Company policies and practices for discontinuation
of service and deposit requirements for non-residential
customers are in concurrence with Chapter 86 of the Rules of
the Maine Public Utilities Commission.

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